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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Case No. 12-12020 (MG)
)	
RESIDENTIAL CAPITAL, LLC, <u>et al.</u> ,)	Chapter 11
)	
Debtors.)	Jointly Administered
)	

**POST-CONFIRMATION STATUS
REPORT OF THE RESCAP LIQUIDATING TRUST**

The ResCap Liquidating Trust (the “**Liquidating Trust**”), as successor in interest to the debtors (collectively, the “**Debtors**”) in the above-captioned cases (the “**Chapter 11 Cases**”), hereby submits this post-confirmation status report for the quarterly period beginning July 1, 2014, and ending on September 30, 2014 (the “**Reporting Period**”), and respectfully represents as follows:

STATUS REPORT

1. On December 11, 2013, the Court entered the *Order Confirming Second Amended Joint Chapter 11 Plan Proposed by Residential Capital, LLC et al. and the Official Committee of Unsecured Creditors* (the “**Confirmation Order**”) [Docket No. 6065] approving the terms of the Chapter 11 plan, as amended (the “**Plan**”), filed in these Chapter 11 Cases [Docket No. 6065-1].¹

2. On December 17, 2013, the Effective Date of the Plan occurred (the “**Effective Date**”), and the Liquidating Trust was established [Docket No. 6137]. Pursuant to the Plan, the Liquidating Trust was established to wind down the affairs of the Debtors. *See Plan*, Art. VI.

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

3. On August 13, 2014, the Liquidating Trust filed an application for entry of a post-confirmation order (the “**Post-Confirmation Order**”) [Docket No. 7385]. On August 26, 2014, the Court entered an amended Post-Confirmation Order [Docket No. 7431]. Pursuant to the Post-Confirmation Order, the Liquidating Trust is required to file quarterly status reports detailing the actions taken by the Liquidating Trust and the progress made toward the consummation of the Plan.

4. Attached hereto as **Exhibit A** is a copy of the Liquidating Trust’s condensed financial statements, letter to beneficiaries, and supplemental schedules to the condensed financial statements (collectively, the “**Financial Statements**”) detailing the Liquidating Trust’s activity during the Reporting Period. The Financial Statements have been posted to the Liquidating Trust’s website at <http://rescapliquidatingtrust.com>.

NOTICE

5. Notice of this Status Report has been provided to the parties identified on the Special Service List and General Service List, as those terms are defined in the Notice, Case Management, and Administrative Procedures approved by the Court [Docket No. 141], including the Office of the U.S. Trustee for the Southern District of New York.

Dated: November 10, 2014
New York, New York

KRAMER LEVIN NAFTALIS & FRANKEL LLP

/s/ Joseph A. Shifer
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Counsel for the ResCap Liquidating Trust

EXHIBIT A

ResCap Liquidating Trust

ResCap Liquidating Trust

Unaudited Condensed Consolidated Financial Statements
as of and for the Period Ended September 30, 2014

ResCap Liquidating Trust

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ResCap Liquidating Trust

Condensed Consolidated Statement of Net Assets in Liquidation

(Liquidation Basis - unaudited)

In thousands (except unit and per unit)

Assets:	September 30, 2014	December 17, 2013
Cash and cash equivalents	\$ 266,612	\$ 1,499,041
Restricted cash	390,192	178,439
Mortgage loans	273,742	503,757
Mortgage servicing rights	115	15,744
Servicer advances	53,160	100,135
Other receivables	32,751	2,196,194
Other assets	11,806	32,967
Costs to sell assets	(1,823)	(9,043)
Total assets	\$ 1,026,555	\$ 4,517,234
Liabilities:		
Claims and settlements	\$ 109,252	\$ 1,707,241
Estimated costs to operate the Trust	286,998	294,392
Liability for undistributed funds	218,336	-
Total liabilities	\$ 614,586	\$ 2,001,633
Net assets in liquidation	\$ 411,969	\$ 2,515,601
Total units authorized	100,000,000	100,000,000
Net assets per authorized unit	\$ 4.12	\$ 25.16

The Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

ResCap Liquidating Trust

Condensed Consolidated Statement of Changes in Net Assets in Liquidation

(Liquidation Basis - unaudited)

In thousands (except per unit)

	Quarter Ended September 30, 2014	Inception to Date September 30, 2014
Net assets in liquidation, beginning of period	\$ 578,552	\$ 2,515,601
Net realized gain on assets	4,493	13,930
Decrease in asset valuation	(23,779)	(29,070)
Net decrease in asset values	(19,286)	(15,140)
Decrease in claims and settlement expense	(6,778)	(23,508)
Increase in estimated costs to operate the Trust	4,075	82,000
Net increase (decrease) in liabilities	(2,703)	58,492
Total decrease in net assets	(16,583)	(73,632)
Other items:		
Declared distributions	150,000	2,030,000
Net assets in liquidation, September 30, 2014	\$ 411,969	\$ 411,969
Per unit information:		
	\$ per Unit	\$ per Unit
Net assets per unit, beginning of period	\$ 5.79	\$ 25.16
Decrease in net assets per unit	(0.17)	(0.74)
Declared distribution per unit	(1.50)	(20.30)
Net assets per unit, September 30, 2014	\$ 4.12	\$ 4.12

The Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

ResCap Liquidating Trust

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The ResCap Liquidating Trust's (the "Trust") accounting and reporting policies conform to accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and that affect changes in net assets during the reporting period. In developing the estimates and assumptions, management uses all available evidence; however, actual results could differ because of uncertainties associated with estimating the amounts, timing, and likelihood of possible outcomes.

The Condensed Consolidated Financial Statements as of and for the period ended September 30, 2014 are unaudited but reflect all adjustments that are, in management's opinion, necessary for the fair presentation of the results for the interim period presented. The Condensed Consolidated Statement of Changes in Net Assets in Liquidation includes the period from December 17, 2013 ("Effective Date") through September 30, 2014. These financial statements should be read in conjunction with the consolidated financial statements and the notes contained therein for the period ended March 31, 2014.

The Condensed Consolidated Financial Statements include the accounts of the Trust and its majority-owned subsidiaries after eliminating all significant intercompany balances and transactions. The majority owned subsidiaries include Cap Re of Vermont, LLC, ("Cap Re"), a captive reinsurance company, ResCap Securities Holding Co, and other domestic and foreign subsidiaries. Minority interests owned by the Trust are shown as an equity investment.

All assets held in bailment for the benefit of the Trust, are included in the Condensed Consolidated Financial Statements. Assets held in bailment totaled \$53.8 million and \$2.3 billion at September 30, 2014 and December 17, 2013, respectively. Remaining assets held in bailment will be transferred to the Trust when operationally feasible.

Recently Issued Accounting Standards

Receivables – Troubled Debt Restructuring by Creditors: Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure (ASU 2014-14)

In August 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-14. This ASU is intended to provide guidance on how to classify and measure certain government-guaranteed mortgage loans upon foreclosure. The amendments require that a mortgage loan be derecognized and that a separate other receivable be recognized upon foreclosure if certain conditions are met. ASU 2014-14 is effective for annual accounting periods ending after December 15, 2015, and interim periods beginning after December 15, 2015. An entity can elect a modified retrospective transition method or a prospective transition method. Adoption is not expected to have a material effect on our consolidated financial condition.

Receivables – Troubled Debt Restructuring by Creditors: Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure (ASU 2014-04)

In January 2014, FASB issued ASU 2014-04. This ASU is intended to clarify when an in substance repossession or foreclosure occurs, and when a mortgage loan should be derecognized and the real

ResCap Liquidating Trust

estate property recognized. The ASU also requires an additional disclosure related to residential real estate in the process of foreclosure. ASU 2014-04 is effective for annual accounting periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. An entity can elect a modified retrospective transition method or a prospective transition method. Adoption is not expected to have a material effect on our consolidated financial condition.

2. Mortgage Loans

Mortgage loans are comprised of the following (in \$000's):

	September 30, 2014		December 17, 2013	
	Unpaid Principal Balance	Liquidation Value	Unpaid Principal Balance	Liquidation Value
Government-insured loans:				
FHA mortgage loans	\$ 269,007	\$ 227,984	\$ 437,902	\$ 409,997
VA mortgage loans	57,749	38,163	70,802	46,399
Non-insured mortgage loans	22,777	7,595	83,950	47,361
Total mortgage loans	\$ 349,533	\$ 273,742	\$ 592,654	\$ 503,757

During the quarter ended September 30, 2014, the Trust sold government insured mortgage loans with an unpaid principal balance of \$110.7 million and received \$104.1 million in proceeds, with a holdback of \$.9 million.

Inception to date, the Trust sold non-insured mortgage loans with an unpaid principal balance of \$57.3 million and received \$43.3 million in proceeds, and sold government insured mortgage loans with an unpaid principal balance of \$110.7 million and received \$104.1 million in proceeds, with a holdback of \$.9 million. The Trust also collapsed the GMACM Mortgage Loan Trust 2010-1 securitization and exchanged its outstanding certificate for the remaining mortgage loans and real estate owned ("REO"), which resulted in the certificate being removed from other assets and an addition to FHA/VA mortgage loans in the amount of \$16.6 million.

3. Changes in Net Assets

Change in net assets in liquidation prior to distributions is as follows (in \$000's):

	Quarter Ended September 30, 2014	Inception to Date September 30, 2014
Net realized gain on assets	\$ 4,493	\$ 13,930
Decrease in asset valuation	(23,779)	(29,070)
Net decrease in asset values	(19,286)	(15,140)
Decrease in claims and settlement expense	(6,778)	(23,508)
Increase in estimated costs to operate the Trust	4,075	82,000
Net increase (decrease) in liabilities	(2,703)	58,492
Total decrease in net assets (prior to distributions)	\$ (16,583)	\$ (73,632)

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For the three months ended September 30, 2014:

- The net decrease in asset values was primarily due to a change in disposition strategy to pursue additional bulk loan sales.
- The decrease in claims and settlement expense was driven by a favorable resolution of matters related to international subsidiaries.
- The increase in estimated costs to operate the Trust was driven by increased regulatory and compliance costs and increased technology costs related to litigation offset in part by lower asset management costs and lower tax liabilities.

For the period since inception ended September 30, 2014:

- The net decrease in asset values was primarily due to a change in disposition strategy to pursue additional bulk loan sales, offset in part by affirmative litigation settlements.
- The decrease in claims and settlement expense was driven by reduced loss assumptions for CapRe and reduced professional fee administrative claims.
- The increase in estimated costs to operate the Trust was driven primarily by increased regulatory and compliance costs and increased legal professional fees.

4. Distributions to Beneficiaries

During the quarter ended September 30, 2014, the Trust declared a cash distribution of \$1.50 per unit of beneficial interest ("Unit") to holders of such Units ("Beneficiaries") of record as of October 2, 2014. The distribution payment date is October 17, 2014 and a liability was established for the distribution at September 30, 2014.

Releases to Beneficiaries represent distribution of Units and cash for certain Beneficiaries who provided the necessary information to the Trust. Distributions on Allowed Claims represents Units and related cash released from the Disputed Claims Reserve ("DCR") for claims that became allowed ("Allowed Claims") between December 17 and August 19, 2014, and includes Units and cash designated as Distributions Held for Beneficiaries, pending receipt of certain information from the holders.

For three months ended September 30, 2014

	Units Distributed to Beneficiaries	Units Held by DCR	Units Held for Beneficiaries	Total Distribution
<u>Units</u>				
Balance, June 30, 2014	96,357,391	3,606,818	35,791	100,000,000
Declared Distribution	-	-	-	-
Releases to Beneficiaries	7,698	-	(7,698)	-
Distributions on Allowed Claims	-	(18,051)	18,051	-
Balance, September 30, 2014	96,365,089	3,588,767	46,144	100,000,000
			Distributions Held for Beneficiaries	Total Distribution
<u>Cash (in thousands)</u>				
Balance, June 30, 2014	\$ 1,811,527	\$ 67,808	\$ 665	\$ 1,880,000
Declared Distribution	-	-	150,000	150,000
Releases to Beneficiaries	137	-	(137)	-
Distributions on Allowed Claims	-	(339)	339	-
Balance, September 30, 2014	\$ 1,811,664	\$ 67,469	\$ 150,867	\$ 2,030,000

ResCap Liquidating Trust

Since inception ended September 30, 2014

Units	Units Distributed to Beneficiaries	Units Held By DCR	Units Held for Beneficiaries	Total Distribution
Balance, December 17, 2013	-	-	-	-
Declared Distribution	96,329,687	3,619,088	51,225	100,000,000
Releases to Beneficiaries	30,366	-	(30,366)	-
Distributions on Allowed Claims	5,036	(30,321)	25,285	-
Balance, September 30, 2014	96,365,089	3,588,767	46,144	100,000,000

Cash (in thousands)	Distributed to Beneficiaries	Distributions Held by DCR	Distributions Held for Beneficiaries	Total Distribution
Balance, December 17, 2013	\$ -	\$ -	\$ -	\$ -
Declared Distribution	1,811,030	68,025	150,945	2,030,000
Releases to Beneficiaries	545	-	(545)	-
Distributions on Allowed Claims	89	(556)	467	-
Balance, September 30, 2014	\$ 1,811,664	\$ 67,469	\$ 150,867	\$ 2,030,000

5. Commitments and Contingencies

Regulatory and Compliance

On February 12, 2012, Ally Financial, Inc., Residential Capital, LLC ("ResCap") and certain of ResCap's subsidiaries reached an agreement in principle with respect to investigations into procedures followed by mortgage servicing companies and banks in connection with mortgage origination and servicing activities and foreclosure home sales and evictions ("DOJ/AG Settlement") which was subsequently filed as a consent judgment in the US District Court. On and after the Effective Date, the Trust must continue to perform the remaining obligations under the DOJ / AG Settlement, other than certain obligations assumed by the purchasers of ResCap's mortgage servicing rights in the sales that occurred during the chapter 11 cases pursuant to section 363 of the United States Bankruptcy Code (the "Section 363 Sales"). Under the terms of the DOJ/AG Settlement, the Trust is obligated for certain Office of Mortgage Settlement Oversight ("OMSO") costs related to the purchasers in the Section 363 Sales.

The Trust estimated and established a liability for its DOJ/AG Settlement obligations and related costs and expenses of \$63.2 million and \$62.0 million as of September 30, 2014 and December 17, 2013, respectively.

A DOJ/AG Settlement restricted cash reserve was originally funded to satisfy obligations under the DOJ/AG Settlement. This restricted cash reserve has a balance of \$42.0 million and \$55.0 million as of September 30, 2014 and December 17, 2013, respectively. The Trust's liability for such obligations is not limited by the reserve balance. The reserve must maintain a minimum balance of \$20.0 million until April 5, 2016, at which time the reserve can be reduced in accordance with a prescribed formula.

Litigation

Cap Re reached a settlement in the first quarter of 2014 with respect to certain insurance litigation for \$6.25 million, which was paid into escrow in the second quarter of 2014, pending final court approval.

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In April 2014, the bankruptcy court issued an opinion granting a creditor's motion for default interest, counsel fees and expenses, and entered a judgment in favor of the creditor in the amount of \$5.3 million. The Trust appealed the opinion and judgment in May 2014. In October 2014, the Trust reached a settlement of the appeal with the creditor.

In August 2014, the Trust entered into settlement agreements with certain investment funds, which resolved all outstanding (and potential future) claims with those funds. The Trust recognized a gain of \$7.7 million related to this settlement.

Additional claims have been asserted against the Trust. At this time, the Trust cannot estimate the possible financial effect of these claims.

Affirmative Litigation

The Trust is pursuing various affirmative litigation matters. These include:

- Claims against correspondent lenders that sold already-closed loans to certain subsidiaries of ResCap for contractual breaches of warranties and indemnification. During the third quarter, no new matters were filed and 4 matters were settled. As of September 30, 2014, there were 79 total filed cases outstanding and tolling agreements with eight other correspondent lenders. One matter was dismissed after September 30, 2014.
- Claims pursuant to transactions with foreign subsidiaries. Inception to date, 3 matters were settled, with no new matters settled during the quarter ended September 30, 2014. All proceeds are expected to be received and held by the subsidiary or its parent, RFC Foreign Equity Holdings, until such time as determined by the Liquidating Trust Board of Trustees to be transferred to the Trust.
- Other affirmative litigation matters. The Trust is also party to certain other affirmative litigation, principally in adversary proceedings before the bankruptcy court seeking avoidance of transfers made to creditors prior to the commencement of the bankruptcy.
- Reservation of rights. The Trust has reserved its rights with respect to other affirmative claims it may bring in the future.

At this time, the Trust cannot predict the outcome of these litigations or estimate the possible financial effect of these matters on the Condensed Consolidated Financial Statements, and as such, neither contingent gains nor any contingent costs to pursue these matters are currently recorded.

6. Related Party Transactions

The Trust received \$2.8 million as payment against receivable balances from certain affiliates as of September 30, 2014.

7. Subsequent Events

Events subsequent to September 30, 2014 were evaluated through November 7, 2014, the date on which these Condensed Consolidated Financial Statements were issued.

ResCap Liquidating Trust

The Trust sold government-insured mortgage loans and received \$7.2 million in proceeds, with a holdback of \$.2 million.

One additional affirmative litigation matter related to foreign subsidiaries was settled after September 30, 2014.

RESCAP

LIQUIDATING TRUST

Dear Beneficiaries:

The Trust's quarterly financial report for the period July 1, 2014 through September 30, 2014 has been posted on our website at <http://rescapliquidatingtrust.com/financialtaxinformation.aspx>.

The Trust continued to make progress during the 3rd quarter to receive and distribute the assets of the debtors, resolve remaining disputed claims, pursue causes of action on behalf of the estate and wind down the affairs of these debtors.

Key highlights for the quarter include:

Distribution Declared

The Trust established a record date of October 2, 2014 for its third distribution of \$150 million or \$1.50 per unit which was distributed on October 17, 2014. Of the total \$150.0 million, \$144.5 million was distributed through our transfer agent to Beneficiaries, \$5.4 million was deposited in the Disputed Claims Reserve and \$0.1 million is held for Beneficiaries pending completion of their process to enable distribution of funds.

Of the \$1.50 distribution per unit, \$0.06 consisted of Trust income that the Trust believes is U.S. source income subject to U.S. federal withholding tax to the extent allocable to unit holders that are not U.S. persons (or in certain circumstances do not otherwise establish their status as U.S. persons under applicable rules). Unit holders should consult their tax advisors with respect to the tax treatment of the distribution.

Operational Activity

- Completed a bulk sale of 792 FHA loans with \$110.7 million UPB in July. A supplemental sale of 43 FHA loans with \$7.8 million UPB was completed in Q4. \$1.1 million of proceeds from the sales were placed in escrow and are anticipated to be received in Q4.
- Negotiated a resolution of contingent claims against certain non-debtor entities arising out of ResCap's September 2010 sale of its international assets and operating companies. The resolution facilitated the repayment by these non-debtor entities of notes owed to ResCap in the amount of \$2.8 million. The resolution also facilitates the final liquidation of the Trust's UK and Dutch subsidiaries and the repatriation of cash held in these subsidiaries to the RFC Foreign Equity Holding Co (the "C-Corp"), a subsidiary of the Trust. Currently, we estimate that approximately \$21.0 million will be available to the Trust upon liquidation of the C-Corp in the later part of 2015.

Other Activity

- Obtained bankruptcy court approval of the claims objection deadline extension to June 15, 2015.
- Resolved 137 claims during the reporting period consisting of 58 secured claims, 13 administrative expense claims, 24 priority claims and 42 general unsecured claims. In addition, there were approximately 178 claims that were subject to pending objections by the Trust, which objections were not decided by the Bankruptcy Court as of the end of the reporting period.
- As of the end Q3 2014, there were 606 claims that remain to be resolved or objected to by the Trust.

RESCAP

LIQUIDATING TRUST

- Filed all tax returns for the Liquidating Trust and Debtor entities for the 2013 stub period.
- Completed audits and regulatory filings for Cap Re and the UK entities in a timely manner.
- The Trust continues to comply with the obligations of the debtors under the DOJ/AG settlement, including progress in reviewing files for potential foreclosure sale or interest rate violations in respect of service members eligible for protection under the Servicemembers' Civil Relief Act. This has been a longer process than anticipated due to changes in guidance for the review from the DOJ. We expect remediation of any violations discovered in the review process to begin in Q1 2015.

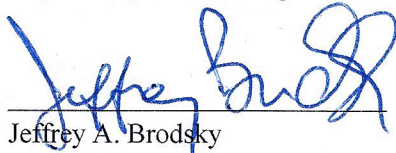
Litigation Matters

- The Trust continued prosecution of the litigation against correspondent lenders. In and after December 2013, RFC and the Trust filed 84 actions against correspondent lender defendants, seeking to recover inter alia liabilities and losses associated with certain mortgage loans the defendants or their predecessors sold to RFC in breach of representations and warranties. Currently, dismissal has been (a) denied in its entirety in 21 actions, (b) denied as to indemnity claims and post-May 14, 2006 contract claims in 11 actions, and (c) granted without prejudice to the filing of an amended complaint in 3 actions, and (d) granted in one action on the basis of an assertedly deficient successor liability pleading, as to which the Trust has filed a notice of appeal. Five of the actions have been settled, and the remainder are pending in Minnesota federal and state court, and in New York federal bankruptcy court. Discovery has commenced in many of the actions. The Trust intends to continue pursuing the actions aggressively.
- The Trust is also engaged in other affirmative litigation matters seeking recoveries on behalf of beneficiaries.

We continue to look forward to keeping you apprised of our progress.

Sincerely,

Quest Turnaround Advisors, LLC
Liquidating Trust Manager



Jeffrey A. Brodsky
Member

ResCap Liquidating Trust

Supplemental Schedules to the Unaudited
Condensed Consolidated Financial Statements

September 30, 2014

Including schedules pursuant to Section 7.6 (b) of the
Liquidating Trust Agreement

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1. Trust Asset Dispositions

During the quarter ended September 30, 2014, the Trust liquidated assets as follows:

- \$104.1 million of proceeds were received from the sale of certain government insured mortgage loans with an unpaid principal balance of \$110.7 million.
- In August 2014, the Trust entered into settlement agreements with certain investment funds which resolved all outstanding (and potential future) claims with those funds. These settlements allow for repayment of notes receivable from the affiliates, and for liquidation of the affiliates and certain foreign subsidiaries. The Trust received \$2.8 million as payment against receivable balances as of September 30, 2014.

The Trust had \$1,026.6 million in gross assets and \$412.0 million of net assets remaining as of September 30, 2014.

2. Distributions to Beneficiaries

During the quarter ended September 30, 2014, the Trust declared a cash distribution of \$1.50 per unit to Beneficiaries of record as of October 2, 2014 for distribution on October 17, 2014. The cash to support this distribution was designated as Held for Beneficiaries as of September 30, 2014 and is included in restricted cash in the Condensed Consolidated Financial Statements.

Releases to Beneficiaries represent distribution of Units and cash for certain Beneficiaries who provided the necessary information to the Trust. Distributions on Allowed Claims represent Units and related cash released from the DCR for claims that became allowed between June 1, 2014 and August 19, 2014, and includes Units and cash designated as Distributions Held for Beneficiaries, pending receipt of certain information from the holders.

For three months ended September 30, 2014

<u>Units</u>	Units Distributed to Beneficiaries	Units Held by DCR	Units Held for Beneficiaries	Total Distribution
Balance, June 30, 2014	96,357,391	3,606,818	35,791	100,000,000
Additional Distributions	-	-	-	-
Releases to Beneficiaries	7,698	-	(7,698)	-
Distributions on Allowed Claims	-	(18,051)	18,051	-
Balance, September 30, 2014	96,365,089	3,588,767	46,144	100,000,000
<u>Cash (in thousands)</u>	Distributed to Beneficiaries	Distributions Held by DCR	Distributions Held for Beneficiaries	Total Distribution
Balance, June 30, 2014	\$ 1,811,527	\$ 67,808	\$ 665	\$ 1,880,000
Accrued Distribution	-	-	150,000	150,000
Releases to Beneficiaries	137	-	(137)	-
Distributions on Allowed Claims	-	(339)	339	-
Balance, September 30, 2014	\$ 1,811,664	\$ 67,469	\$ 150,867	\$ 2,030,000

ResCap Liquidating Trust

3. Administrative Expenses Set Aside

The Administrative Expenses Set Aside was established to hold cash or other assets set aside for the payment of expenses for the operations of the Trust. The amount may increase over time, at the direction of the Board, to reserve for future operating expenses.

Activity related to the Administrative Expenses Set Aside is as follows (in \$000's):

	Amount
Balance, June 30, 2014	\$ 240,569
Additions	
Withdrawals	(13,338)
Balance, September 30, 2014	\$ 227,231

Withdrawals represent the release of funds to pay expenses of the Trust. The Administrative Expenses Set Aside is included in cash in the Condensed Consolidated Financial Statements.

4. APSC Claims Reserve

Activity related to the APSC Claims Reserve is as follows (in \$000's):

	Amount
Balance, June 30, 2014	\$ 68,890
Additions – cash / assets	
Withdrawals – Allowed Claims	(2,201)
Balance, September 30, 2014	\$ 66,689

Withdrawals represent payment of allowed claims. The APSC Claims Reserve is included in cash and restricted cash in the Condensed Consolidated Financial Statements.

5. DOJ/AG Settlement Cash Reserve

Activity related to the DOJ/AG Settlement Cash Reserve is as follows (in \$000's):

	Amount
Balance, June 30, 2014	\$ 41,991
Additions	
Releases / Payments	(4)
Balance, September 30, 2014	\$ 41,987

The DOJ/AG Settlement Cash Reserve is included in restricted cash in the Condensed Consolidated Financial Statements.

ResCap Liquidating Trust

6. Disputed Claims

Activity related to disputed claims is as follows:

	Amount (in 000's)
Disputed Claims, June 30, 2014	\$ 341,622
Allowed Claims (\$8,873 allowed, \$8,835 reduced)	(17,708)
Disallowed Claims	(823)
Reclassified to Convenience Claims	-
Disputed Claims, September 30, 2014	<u>\$ 323,091</u>

Distributions of Units will be made to holders of Allowed Claims based on the following issuance ratios:

- For holders of claims against the ResCap Debtors: 0.014305344 Units per dollar of Allowed claim;
- For holders of claims against the GMACM Debtors: 0.011848742 Units per dollar of Allowed claim;
- For holders of claims against the RFC Debtors: 0.003528361 Units per dollar of Allowed claim.

7. Disputed Claim Reserve

Activity related to DCR is as follows:

	Units	Amount (in \$000's)
Balance, June 30, 2014	3,606,818	\$ 67,808
Distributions Received	-	-
Distributions on Allowed Claims	(18,051)	(339)
Cancelled units / release of cash	-	-
Balance, September 30, 2014	<u>3,588,767</u>	<u>\$ 67,469</u>

The DCR is included in restricted cash in the Condensed Consolidated Financial Statements.

At the discretion of the Board, Units in the DCR corresponding to claims that have been disallowed may be cancelled and any related cash made available for distribution to all Beneficiaries or added to the Administrative Expenses Set Aside. Alternatively, such Units and cash may be retained in the DCR for satisfaction of claims that may be allowed in the future.

ResCap Liquidating Trust

8. Statement of Receipts and Disbursements

	Quarter Ended September 30, 2014 (in \$000's)
Cash and restricted cash, June 30, 2014	<u>\$ 555,660</u>
Release of funds held for Beneficiaries	<u>(137)</u>
Sales of mortgage loans	104,100
Government insured loan collections	23,313
Non-government insured loan collections	1,813
Notes Receivable from Foreign Special Purpose Entities	2,786
All other recoveries	<u>11,912</u>
Normal course asset recoveries	143,924
Compensation and benefits	(4,169)
Regulatory and compliance	(4,922)
Professional fees	(14,950)
Other expenses	<u>(12,783)</u>
Operating expenses	(36,824)
Payment of claims and settlements	<u>(5,819)</u>
Cash and restricted cash, September 30, 2014	<u><u>\$ 656,804</u></u>

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9. Roll-forward of the Statement of Net Assets in Liquidation

Quarter through September 30, 2014 (in \$000's)

	June 30, 2014	Cash Activity	Accrued Distributions	Assumption Changes	Other Valuation Changes	September 30, 2014
Assets:						
Cash ¹	\$ 311,802	\$ (45,190)	\$ -	\$ -	\$ -	\$ 266,612
Restricted cash	243,858	146,334	-	-	-	390,192
Mortgage loans	409,794	(128,206)	-	(13,724)	5,878	273,742
Mortgage servicing rights	157	(983)	-	-	942	115
Interest receivable	23,955	(2,502)	-	(4,095)	(1,724)	15,634
Servicer advances	58,155	882	-	(1,731)	(4,147)	53,160
Other receivables	29,966	(11,613)	-	(2,094)	859	17,118
Other assets	11,335	(1,481)	-	1,581	371	11,806
Costs to sell assets	(721)	(23)	-	(1,080)	-	(1,823)
Total assets	1,088,301	(42,782)	-	(21,143)	2,178	1,026,555
Liabilities:						
Claims & settlements	121,046	(5,820)	-	(6,778)	803	109,252
Asset management	5,623	(1,035)	-	(2,497)	(1)	2,090
Regulatory & compliance	66,336	(4,922)	-	1,746	-	63,160
Compensation	48,523	(4,169)	-	1,418	(135)	45,637
Professional fees	92,773	(14,957)	-	1,599	(75)	79,340
Other operating costs	106,975	(11,741)	-	1,789	(251)	96,771
Cost to Operate the Trust	320,230	(36,824)	-	4,054	(462)	286,998
Liability for undistributed funds	68,473	(137)	150,000	-	-	218,336
Total liabilities	\$ 509,749	\$(42,782)	\$ 150,000	\$(2,723)	\$ 341	\$ 614,586
Net Assets	\$ 578,552	\$ -	\$ (150,000)	\$ (18,420)	\$ 1,837	\$ 411,969

¹ Note the Administrative Expenses Set Aside is included in cash

Summary of Significant Activity

Cash & Restricted Cash

- The sale and/or liquidation of assets (FHA Bulk sale in Q3) generated \$129.8 million in proceeds
- Cash recoveries of \$2.8 million from the pay-down of international notes receivable
- Third quarter operating expense cash outlay of \$(36.8) million
- Claims and settlements paid of \$(5.8) million
- Receipt of \$11.2 million from other cash transactions, inclusive of both domestic and international affirmation litigation settlements

Mortgage Loans

- \$128.2 million of loan recoveries in Q3, consisting of \$104.1 million of proceeds received upon sale of FHA mortgage loans completed in July with the remainder attributed to normal course collections
- Net valuation reduction of \$(7.8) million comprised of \$13.7 million decrease resulting from updating liquidation strategies around assets sales and \$5.9 million of other valuation primarily resulting from

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attribution of proceeds from FHA loan sale in Q3, offset in part by values within Interest Receivable and Servicer Advances

MSR

- Cash receipts of \$1.0 million resulting from cash held by servicer

Interest Receivable

- Recoveries of \$2.5 million from normal course interest recoveries (e.g. FHA/VA claims)
- Net valuation reduction of \$(5.8) million comprised of \$(4.1) million decrease resulting from acceleration liquidation timing as part of the change in strategies around assets sales and \$(1.7) million of other valuation, offset by values within Mortgage Loans and Servicer Advances

Servicer Advances

- Net advances of \$(0.9) million
- Net valuation reduction of \$(5.9) million comprised of \$(1.7) million decrease resulting from lower recovery assumptions due to the change in strategies around assets sales and \$(4.1) million of other valuation, offset in part by values within Mortgage Loans and Interest Receivable

Other Receivables

- Recoveries of \$11.6 million, driven by the affirmative litigation settlements, both domestic and international, and pay-down in part or in whole of affiliate notes
- Net decrease in valuation of \$(1.2) million primarily due to a decrease in insurance premiums from CapRe and the MSR sale true-up, partially offset by addition of other receivables

Other Assets

- Recoveries of \$1.5 million driven by recoveries on Securities and REO
- \$2.0 million increase in net valuation of future recoveries resulting from increasing valuation of our equity interests and an increase of lifetime recoveries on securities based on Q3 performance

Costs to Sell Assets

- \$1.1 million reduction in future expense related to changes in liquidation strategy of the mortgage loans

Claims & Settlements

- Payments for APSC and ETS claims of \$0.8 million
- Payments of \$2.9 million related to pre-effective administrative claims and other settlements
- Payments for CapRe insurance losses of \$2.1 million
- \$6.0 million decrease in expense valuation due to release of valuation reserve for potential international claims of approximately \$7.7 million resulting from the settlement agreement with Fortress in Q3, offset by approximately \$1.2 million for increase in insurance loss reserves for CapRe resulting from the performance of the underlying insurance trusts

Costs to Operate the Trust

- Q3 disbursements of \$36.8 million
- Increased future expense forecast by \$3.6 million, driven by higher estimated information technology related to higher e-Discovery application costs, higher Regulatory / Compliance due to increased SCRA anticipated remediation, and higher compensation assumptions regarding Liquidating Trust staffing needs, offset by lower asset management costs due to acceleration of portfolio sales

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Liability for Undistributed Funds

- Distributed \$0.1 million of funds held for Beneficiaries and accrued an additional \$150.0 million related to the \$150 million declared distribution